

Memorandum

To: Panel Members Date: October 24, 2002

From: Ron Tagami, Manager
Peter DeMauro, General Counsel Analyst: M. Tolentino

Subject: One-Step Agreement for **Archer Travel Service, Inc. (<100)**
(www.archertravel.com)

CONTRACTOR:

- Training Project Profile: Retraining: Companies with Out-of-State Competition
- Legislative Priorities: Moving to a High Performance Workplace
- Type of Industry: Services
- Repeat Contractor: No
- Contractor's Full Time Employees:
 - Company Wide: 46
 - In California: 46
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

CONTRACT:

- Program Costs: \$108,000
- Substantial Contribution: \$0
- Total ETP Funding: \$108,000
- In-Kind Contribution: \$93,420
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles
- Duration of Agreement: 24 months

SUBCONTRACTORS:

Advanced Product Specialist Galileo USA, Carson, California	\$4,800 (training)
Barry Menzel and Associates, Seal Beach, California	\$1,950 (administration)
Sierra Systems, Altadena, California	\$3,400 (training)
Tanenbaum Associates, Montrose, California	\$4,975 (training)
Western Pacific Marketing, Montrose, California	\$9,385 (training)

THIRD PARTY SERVICES:

Barry Menzel and Associates assisted in the design of the training program and completion of the application. The amount reimbursed for these services is anticipated to total \$3,950, which is based on a flat rate.

NARRATIVE:

This project is eligible for ETP funding under the out-of-state competition provisions listed in Title 22, California Code of Regulations, Section 4416(a)(3)(4), for a company providing a service out-of-state and in California which is in competition with providers of the same service located outside California.

Archer Travel Service, Inc., with 46 full-time employees is located in Montrose, California, and was founded in 1952 to provide full-service travel arrangements to corporate, leisure and group clients. Archer Travel Service, Inc. in Montrose, California. In 1994, the airline industry started reducing the commissions paid to travel agencies. In May 2002, commissions were eliminated resulting in a loss to Archer Travel Service, Inc. of \$1.5 million a year. Due to these changes, the Contractor has transitioned into a travel-marketing firm which offers travel incentive programs to customers across the United States. These programs such as flight, car rental and hotel credit programs, are designed, marketed, and redeemed in-house by the Contractor's marketing and travel employees. The Contractor works with retailers (airlines, hotels, car rental companies) to offer custom designed programs that would fit the customer's budgetary parameters. Customers include Continents Hotels and Athlete's Foot, located in Georgia; Atlantic City Hilton and Days Inn in New Jersey; Academy Nissan in Colorado; Careington Intl. Corp in Texas; Masterpiece International and Avis Car Rental in New York; Bally's Las Vegas; Mandalay Resort Group in Nevada; and The Good Guys, Panda Management, and Public Storage in California.

Archer Travel Service, Inc. believes that training its employees is critical for its continued financial success. Due to the rapid changes in its work environment where technology and the travel industry as a whole are evolving constantly, the Contractor needs to remain competitive by constantly developing new marketing and incentive programs and upgrading and improving its employees' skills. The introduction of the travel incentive programs requires training of Archer Travel Service, Inc.'s employees to work efficiently in its new business structure. A needs assessment conducted by the Contractor also showed that training in Business Skills, Continuous Improvement, Computer Skills and Management Skills are necessary to become a high performance workplace.

NARRATIVE: (continued)

Business Skills: Training in product knowledge, customer service and communication skills will enable employees to be fully knowledgeable in the services the Contractor offers and increase customer satisfaction in its existing and potential customers.

Computer Skills: To remain competitive, Archer Travel Service, Inc. must utilize technologies available for travel and marketing firms. Employees need to learn how to use the Apollo and Sabre Reservations Systems, not only for travel reservations and ticketing, but also for hotel and car rental reservations. The Contractor also requires its employees to be competent in Word, Excel and Access which are utilized on a daily basis and in its accounting system (Globalware), which is updated every six months. Computer Skills training will enable employees to be competent in the new software programs necessary to perform their jobs.

Continuous Improvement: As its business structure has changed, new processes and departments have been added. Through Continuous Improvement training, employees can improve their quality of work and reduce the number of errors through better time management and streamlining of work processes. In addition, cross-training will enable employees to perform multiple job functions, making them more productive and knowledgeable in the company's operations.

Management Skills: A strong management staff is important to continue with the organizational changes necessary to remain profitable. Management Skills training such as Effective Delegation, Coaching and Goal Setting will enable Archer Travel Service, Inc.'s management staff to improve their supervisory skills, lead employees effectively and promote teambuilding.

Supplemental Nature of Training

Archer Travel Service, Inc. has very limited funds for employee training. In the past, the Contractor has provided training in employee orientations for new employees, computer on-line lessons, manual reading and on-the-job training, and has relied on its employees' past work experience in the travel industry to perform their jobs without requiring extensive job skills training. A more structured training program will assist the Contractor to enhance its employees' computer skills, business skills and management skills and update their knowledge in new processes.

Archer Travel Service, Inc. representatives state that without ETP funding, training would only be provided to a small group of employees. Training in Business Skills, Continuous Improvement and Management Skills would not be provided. The proposed ETP-funded training has been developed with a comprehensive view of current and future training needs that are tied to the Contractor's business goals. It is much more extensive than any training provided before and is designed to expand and improve upon the existing training.

Archer Travel Service, Inc. is committed to continue to provide workers with ongoing training following the ETP Agreement. The Contractor will invest approximately \$155,000 a year to cover technology, product development and sales training along with the ongoing development of its high performance workforce.

In-Kind Contribution

Archer Travel Service, Inc. will provide an in-kind contribution of \$93,420 for wages and fringe benefits to be paid to ETP trainees while attending the ETP-funded training.

COMMENTS:

Trainees included in this Agreement do not set company policy.

All participants in this project meet the Panel definition of frontline worker under Title 22 California Code of Regulations, Section 4400 (ee), except for 11 Managers and Supervisors.

Archer Travel Service, Inc. is providing training to 23 Travel Agents who are full-time employees paid at an hourly rate of \$11.78 to \$21.15.

PROPOSED ACTION:

Staff recommends that the Panel approve this One-Step Agreement if funds are available and the project meets Panel priorities based on Archer Travel Service, Inc.'s stated need to provide employees with skills to enhance its ability to remain competitive, to grow, and to maintain a continuing relationship with its customers. The implementation of this proposed training will enable the company to remain viable in the California economy.

TRAINING PLAN:

Grp/ Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Job Numbers 1 – 3 Retrainee	Business Skills Computer Skills Continuous Improvement Management Skills	42	75 – 150	0	0	\$1,500 - \$3,000	*\$11.78 - \$75.00
						<u>Range of Hourly Wages</u> *\$11.78 - \$75.00	
						<u>Prevalent Hourly Wage</u> \$17.30	
						<u>Average Cost per Trainee</u> \$2,571	
<u>Health Benefit used to meet ETP minimum wage:</u> *Health Benefits of at least \$1.02 per hour will be added to trainees' wages to meet the ETP minimum hourly rate of \$11.78 per hour for Los Angeles County.						<u>Turnover Rate</u> 17.8%	<u>% of Mgrs & Supervisors to be trained:</u> 26%

ARCHER TRAVEL SERVICE, INC.
MENU CURRICULUM

Class/Lab
Hours
75 – 150

Trainees will receive any of the following types of training:

Management Skills (Only trainees with management or supervision roles
will receive Management Skills training.)

- Strategy Development/Goal Setting
- Communication and Team Building
- Leading People Through Change
- Making Meetings Work
- Handling Difficult People
- Give and Receive Feedback/Coaching
- Motivation
- Effective Delegation

Business Skills

- Project Management
- Policies and Procedures (Reservation, Ticketing/Payment)
- Product Knowledge
- Customer Service
- Communication Skills
- Telephone Techniques
- Effective Writing Skills

Continuous Improvement

- Operations
- Team Building
- Human Resources – Development
- Quality Control
- Attention to Detail
- Time Management

Computer Skills

- Apollo Airline Reservation System
- Sabre Airline Reservation System
- Globalware Accounting System
- Access
- Excel
- Word
- Information Technology
- Information Management and Reporting